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BUSINESS REPORT 2022

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ECKES-GRANINI 2022 WITH GOOD RESULTS DESPITE **NUMEROUS CHALLENGES**

The 2022 business year was characterized by the ongoing transformation of the ONE.ECKES-GRANINI strategy. This development has been and continues to be of central importance to our organization, especially in the light of the fundamental crises. Like all companies in the food and beverage industry, we had to deal with a tight raw material supply, a shortage of freight space and supply chain difficulties as a result of the war in Ukraine. On top of this, there was an unprecedented explosion in the cost of raw materials, partly due to poor harvests, as well as packaging materials, energy and transport. By responding fast and flexible, we were able to achieve good sales growth and – viewed across the whole business – an increase in market share despite the challenging market environment.

Consistent crisis management thanks to strategic transformation processes

We took the challenges of the past year as a catalyst to optimize and develop existing processes and structures. The new, flexible, transnational structures of ONE.R&D (Research & Development), implemented as part of the business transformation, enabled us to respond effectively to raw material shortages.



"2022 with all its challenges was an opportunity for us to show that we are living up to our role as category thought leader."

At the same time, our supply chain proved its resilience. This enabled us to maintain a high level of supply capability. We also prepared for possible energy shortages, for example by installing hybrid burners at our German plants in Bröl and Bad Fallingbostel. These measures have given us a strategic competitive advantage in the midst of the crisis. In response to the continuing cost explosions, we launched an action plan in mid-2022, with measures aimed at putting our core business on a solid footing in this challenging environment, such as price increases, portfolio optimization and cost reductions.



Strategic initiatives remain relevant

To ensure that our brands remain attractive and relevant to consumers in these increasingly unpredictable times, we have continued to invest in product innovation and brand development. Examples of these innovations include hohes C Functional Water in the Water Plus category, which have been very well received by the market. We have also extended the market leadership of hohes C Shots and successfully established shot concepts in other countries such as Austria, Hungary, and Spain, as well as in France under the Joker brand, and in Denmark and Sweden under God Morgon.





We continued to make progress in the digitalization of marketing, with improved media management to support our brands more effectively and investment in new tools to plan and manage projects more efficiently to drive the e-commerce business in retail media. As part of our ONE.PLANNING action area, the digitalization process continued across the Group and the first phase of the digitalization of our global supply chain was completed, in partnership with o9 Solutions, a provider of an Al-based platform for integrated business planning. By optimizing operations throughout the supply chain, we are also promoting long-term sustainability.

Despite the challenges, a more sustainable business remains at the heart of our strategy and is an ongoing learning process with new opportunities. After an intensive review, the independent Science Based Targets Initiative (SBTi) confirmed in January 2022 that Eckes-Granini's greenhouse gas reduction targets are in line with the goals of the Paris Agreement.

We are also proud of the results of Team Rynkeby, the charity cycling initiative we have supported for many years. Last year, around EUR 10.4 million were raised for seriously ill children and their families. We were particularly pleased to receive the *Top Employer 2022* award in Germany, and this year with an even better score to become *Top Employer 2023*. We are committed to creating a working culture that supports change, meets the needs of our team, and provides scope for personal and professional development.



Dynamic business development in the second half of the year

Sales of the Eckes-Granini Group rose by 7.1 % to EUR 917 million (previous year: EUR 856 million), the highest sales increase in five years. Volume sales showed a slight improvement over the previous year, rising by 3 million litres to 808 million litres. After an ambitious start to the new financial year, the focus in the first half of the year was increasingly on crisis management. The sharp rise in raw material and packaging costs, energy and logistics forced us to adjust our list prices moderately and in line with the market. However, the price increases are not sufficient to cover the cost explosions.

Targeted investments in our brands and successful product launches enabled us to regain market shares in the second half of the year and achieve successes throughout the Group. 2022 marked the most successful Out-of-Home year in the history of Eckes-Granini. In France in particular, we grew significantly in the Out-of-Home business. In the e-commerce segment, too we have gained market share contrary to the market dynamics. We also achieved initial successes in the German drugstore market through our exclusive partnership with the drugstore chain dm for the launch of our sustainable hohes C Bio Essence juice concentrate.

Outlook 2023: Continuing last year's positive trends

Overall, the past year with all its challenges was an opportunity for us to show we take our responsibility regarding the category, the food retail industry, and our consumers seriously and live up to our role as category thought leader. We intend to build on this in 2023 and have already made a promising start in the first guarter. However, rising raw material prices and fluctuating availability remain a major challenge. In addition, there are uncertainties in consumption regarding the reaction of consumers to inflation. To mitigate this, we need to continue to identify and exploit savings potential.



Expansion of market leadership

At the same time, the new financial year offers many opportunities to extend our market leadership by continuing to invest in our brands and creating synergies through our ONE strategy. With prices on the rise, we need innovations that are precisely tailored to the target group. This year, we are delivering impulses with exciting new products such as hohes C Juicy Balance. This low-sugar fruit drink offers full taste at an attractive price. Promoting healthy and conscious nutrition remains an important concern for us, which is why we are focusing even more on sugar reduction this year. Product innovations in this area include granini FRESH Schorle, a sparkling thirst quencher with few calories and almost no sugar, or our syrups with no added sugar, Rynkeby ZERO and YO Ohne Zucker.



The transformation continues

In 2023, we will continue to drive our business transformation. We will optimize key processes and actions, expand high-growth categories, and lay the foundations for strong, sustainable, and profitable growth. Last but not least, we will continue to enable investments in sustainability. For us, producing food means taking active responsibility for the environmental and social impact of our actions.

Finally, I would like to express my sincere thanks to all our employees, who have faced many challenges in the past year. I am particularly proud of the commitment and ambition each and every one has shown in mastering the numerous challenges. We started this year with the same dedication to achieve our goals together.

Tim Berger

CEO Eckes-Granini Gruppe

ECKES-GRANINI GROUP

MARKETS

With our successful fruit juice and fruit beverage brands, we as the Eckes-Granini Group are represented primarily in Europe – from France to Romania, from Norway to Spain. We also export our juices, fruity thirst-quenchers, and soft drinks to more than 80 countries worldwide.



Brands

Marli, Rynkeby, God Morgon

Brämhults, God Morgon

SIÓ, granini, hohes C

NUMBER OF EMPLOYEES

FINANCIAL FIGURES

TURNOVER* 2019-2022 IN MILLION EUR

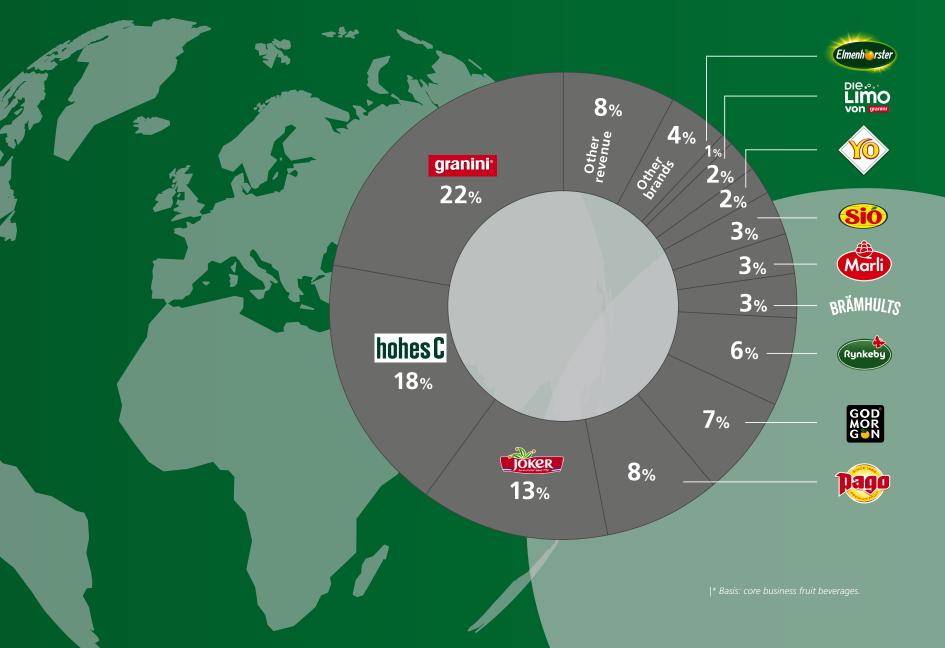
Revenue from sales increased to EUR 917 million in 2022, almost reaching pre-pandemic levels. The sales growth is mainly based on positive mix effects and price increases implemented in individual countries. In addition, successful product innovations in all countries contributed to the positive development.



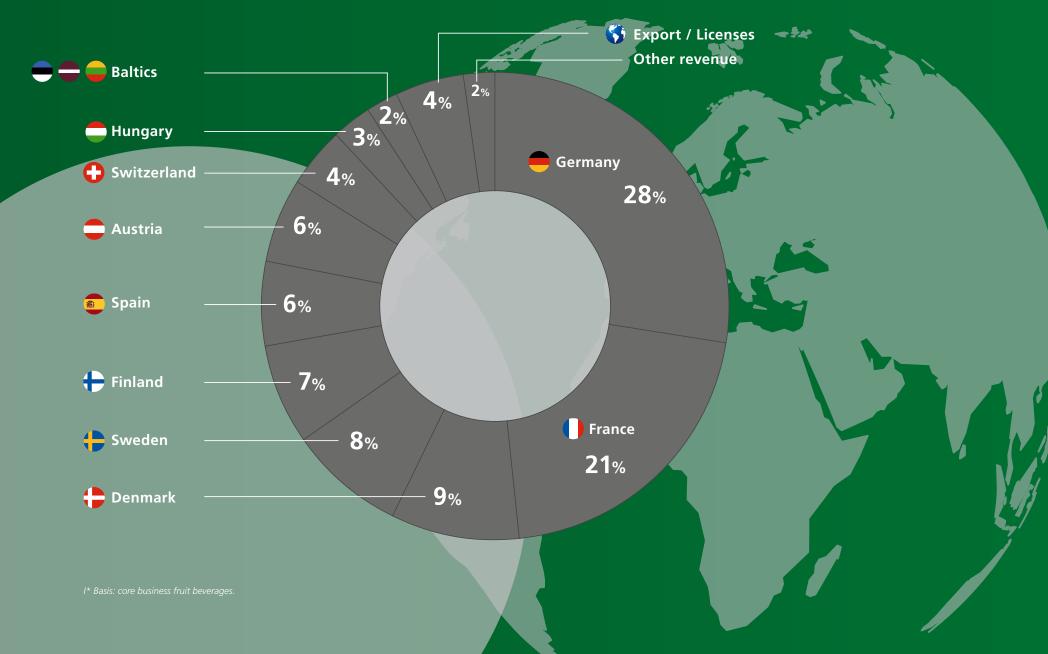
VOLUME SALES* 2019-2022 IN MILLION LITRES

In a difficult market environment, volume sales in 2022 showed a slight improvement in comparison to 2021, increasing by 3 million to 808 million litres. In France in particular, Eckes-Granini was able to increase its volume sales thanks to significant growth in the Out-of-Home business. Spain, Austria, and the Baltic countries also developed positively, whilst Germany, our largest market, recorded development at the previous year's level.

SHARE OF NET SALES 2022 BY BRAND (ROUNDED)*



RELATIVE CONTRIBUTIONS OF COUNTRIES TO TOTAL TURNOVER 2022 (ROUNDED)*



COUNTRIES*

Successful product innovations and return of the Out-of-Home business

The global recovery from the Corona pandemic brought some stability to European Fruit Juice Nectar Drinks (FJND) markets in 2022. At the same time, new challenges arose in the form of rising energy, raw material, and transport costs, as well as political uncertainty in the wake of the war in Ukraine. In this environment, the national Eckes-Granini organizations demonstrated their innovative strength and successfully launched new products.

Targeted sales and marketing activities further increased market potential in most regions, both in food retail and in the Out-of-Home sector. Innovative shot concepts, providing fruity sources of immune-relevant vitamins and minerals, met the taste of consumers last year and drove our growth throughout Europe.



GERMANY





Value-based 10.1%



Top position defended: Following the outstanding launch of hohes C Super Shots Immun and Antiox in 2021, Eckes-Granini Germany followed up in 2022 with the shot varieties Energie and Bauchgefühl and further expanded its market leadership.

The Water Plus segment also recorded strong growth in the past year. With its new hohes C Functional Water, Eckes-Granini is addressing the key consumer concerns of health and low sugar content. The range, which is available in three flavours, had a significant impact on category growth and exceeded the targets.

The Out-of-Home business made a comeback in Germany. The successful launch of granini Schorlen in Passion Fruit, Rhubarb and Apple supported this development. The new granini Selection Guava Dragon Fruit flavour also performed well in the Out-of-Home segment.

Juicy heroes: Pago is enjoying strong growth in France. With Pago Heroes in the flavours ACE Strawberry, Multi Tropical and Pineapple, the brand was able to grow in value sales in the food retail – in the Out-of-Home business by as much as 31 percent.

This growth is the result of a great team effort. Thanks to operational excellence, Eckes-Granini was able to supply customers when competitors were unable to do so, despite the crisis. This gave us a competitive edge. The new 360° *Pago* campaign reached an additional 120 million people last year and contributed significantly to the success of the brand.







Success with TikTok: Social platforms such as TikTok and Twitch have gained momentum over the past year, particularly among Generation Z, but also among Millennials. This new reality prompted Eckes-Granini Spain to re-evaluate its communication strategy. A dedicated TikTok channel was opened for the brands of Eckes-Granini Spain, and Twitch was also used as a testing ground.

The launch of *hohes C* in Spain as a unique and functional liquid health brand was the highlight of the year, supported by a comprehensive marketing and media campaign. The focus was on digital communication channels to better reach healthconscious consumers, to establish an honest and personal level of communication and to highlight the key benefits of the hohes C Nutri Beverages Plus range and Super Shots.

Healthy growth: In Sweden, Eckes-Granini succeeded in maintaining the value-based market shares of its two cult brands, God Morgon and Brämhults, at a stable level. God Morgon expanded its healthoriented range to include two mild shots with added vitamins. The two flavours, Ginger, and Berry were successfully launched in all major food retail outlets in September. God Morgon also launched a Low Sugar range with reduced sugar content.

The premium brand Brämhults continued to build on its leadership in smoothies. Last year, Brämhults launched the new Focus Smoothie and celebrated further successes with its lemonades. The brand also successfully launched two new premium juices in its Norden range.

SWEDEN 🛑



Value-based 19.4%















Value-based 22.8%

From Out-of-Home to food retail success: With a 55 % increase in sales compared to 2021 and a 3 % increase in market share, Rynkeby Tørst was the biggest success story in 2022. The range started a few years ago as a 0.5-litre format for the Out-of-Home market to counter soft drinks with a more natural and also organic offering. It was later introduced to food retail. Last year's success can be attributed to the 1-litre format in food retail, driving impulse purchases through secondary placement and attracting new consumers and shoppers to the brand.

The launch of God Morgon Shots in Denmark in the third quarter was also very successful. Not only did the shots gain significant market share, but they also built and expanded the category significantly.



60 years of happy, fruity moments: Last year, the Mehukatti brand celebrated a special occasion, its 60th anniversary on the Finnish market. To mark this, the brand purpose was updated and now reads "Mehukatti cherish the happy fruity moments in life". In addition, a new Mehukatti syrup range was introduced for the summer season. These measures had an impact, as the overall Mehukatti brand grew significantly in food retail, especially in sugar-free syrups.

In Finland, our total category value share of the Fruit Juice Nectar Drinks (FJND) was significantly expanded by a strong performance in the chilled segment and market leadership in the syrup segment. The focus was also on further strengthening the leading position in the shots segment. Here Eckes-Granini successfully executed the launch of Rynkeby Shots for on-the-go and the introduction of chilled God Morgon Shots. The Marli Shot family was additionally extended by new varieties with specific health benefits and successfully marketed through strong media presence and targeted point of sale (POS) support.

FINLAND 🛑

32.9%









SWITZERLAND



Value-based 9.2%



Guaranteed Swiss: In the wake of the Corona pandemic, the desire for local products and regional ingredients has become more pronounced among many consumers. With its granini juice range Schweizer Früchte in 1-litre PET bottles, Eckes-Granini Switzerland has succeeded in addressing precisely these purchasing criteria. The juices, which are available in Valais Apricot and Williams Pear flavours, carry the "Suisse Garantie" label. The path to the guarantee label is clearly regulated. Only certified Swiss production and processing companies, as well as companies in the catering industry, are allowed to use the guarantee label. This gives consumers the assurance that *granini* juices are produced with Swiss quality and freshness.

In addition, Eckes-Granini recorded very strong growth in the Out-of-Home business in Switzerland last year.

Right on trend: In Austria, YO reached an important milestone with the launch of its sugar-free syrup range. With this new product, the brand is reaching a younger and more healthconscious target group, leading to strong growth in the sugar-free segment in 2022. Eckes-Granini plans to launch two additional sugar-free flavours in 2023 to build on the success of YO.

hohes C Super Shots recorded significant growth in Austria, also due to the launch of a third Energy flavour in 2022, accompanied by targeted digital media campaigns focusing on coverage and awareness across all age groups. The successful shot trio ranked second in the Austrian shots segment.

The Out-of-Home business, dominated by Pago, continued to recover, and gain strength after suffering from the effects of the Corona pandemic in previous years.

AUSTRIA =

Value-based 6.7%





HUNGARY 😑

AI IMMUNTIPP: <mark>EGY ADAG</mark> SUPER SHOTS 3 15 PERC TORNA OTTHON





Value-based 19.7% successfully implemented the relaunch of the children's brand VitaTigris. Not only was the design of all three package formats modernized, but the brand positioning was also adapted. The development of new VitaTigris characters (Happy, Hero, Explorer & Sporty) and a comprehensive communication campaign in the back-to-school season contributed to *VitaTigris* becoming an important growth platform within the SIÓ brand last year.

New characters as school companions: Sió-Eckes in Hungary

At the same time, the shots category in Hungary experienced significant growth, which Eckes-Granini supported with the launch of its hohes C Super Shots. Thanks to a TV, digital and in-store campaign, the brand was successfully established in the shots market and immediately became the market leader.



Full focus on innovation: The economy in the Baltic countries in 2022 was characterized by rising energy prices and political uncertainty due to the conflict in Ukraine. The inflation rate reached extreme levels of over 20 percent, posing major challenges for many companies. Despite these difficult conditions, Eckes-Granini Baltics boldly invested in new concepts and product lines. In particular, the launch of *granini Chilled Juice*, *granini Sensation*, *Elmenhorster Bio* and *Elmenhorster Kissel* contributed to the success.

Elmenhorster Kissel, a traditional Lithuanian drink, was launched in August with an extensive social and digital media campaign and far exceeded expectations. Sales more than quintupled, strengthening Eckes-Granini Baltics' position as the leading beverage manufacturer in the region.



Value-based market share:* 24.3%



INTERNATIONAL BUSINESS DEVELOPMENT



Sugar-free enjoyment: The leading premium syrup brand in the Czech Republic, YO, responded to the sugar reduction trend by launching an innovative range of sugar-free syrups. The fruity flavours Raspberry and Elderflower were launched in Q2 2022 and supported by an effective TV and online campaign as well as various promotional materials in food retail. Consumer uptake was rapid, which provides a good base for flavour extensions in 2023.

The Bulgarian market still lacked a sugar-free offering in the emerging lemonade segment. With the popular Prisun beverage brand, Eckes-Granini has created the perfect thirst-quenching mix without sugar. The two flavours, Lemon and Raspberry, and Lemon are now widely available in food retail outlets. New flavours will be added to the range in the summer of 2023.

BUSINESS ENVIRONMENT

MARKET DEVELOPMENT

Weaker economic environment shapes market performance in 2022

In the food retail sector, the market for fruit juices, nectars, and fruit drinks (FJND) in Europe in 2022 showed a positive value sales trend with +1.3 % compared to the previous year. Volume sales, on the other hand, declined by -3.7 %. While the market dynamics in 2021 were still influenced by the COVID-19 pandemic, the war



in Ukraine and its consequences had a significant impact on market development in 2022. On the one hand, price increases contributed to the rise in value sales. At the same time, however, consumers' willingness to purchase declined, with corresponding consequences for volume sales figures.

This development is also reflected in the ambient segment of non-chilled fruit drinks sold in food retail. The category shows an increase in value of +1.6 % and a decline in volume of -3.8 %. After the market for chilled juices, the so-called Chilled category was one of the central growth drivers in the previous year, the segment developed negatively in terms of both value (-0.1 %) and volume (-3.6 %) in 2022.

Eckes-Granini expands market leadership in Europe

Eckes-Granini recorded a +1.3 % increase in value-based sales at the retail level during the past business year, while volume sales declined by -2.1 % compared to the previous year. As a result, Eckes-Granini's value-based market share remained stable at 12 %, while its volume sales share increased slightly by +0.2 % to 11.3 %. With regard to the largest markets for fruit juices, nectars, and fruit drinks (FJND) in Europe, market shares were gained in France in particular, but also in the Baltic countries, Finland, and Austria. While the shares of most Eckes-Granini brands remained unchanged from the previous year, *granini* in Germany and *Pago* in France gained market share.



























Focus on health: Shot concepts continue to grow successfully

The shot category has been experiencing strong growth for several years. This is mainly due to consumers' increasing health awareness. Shots as fruity source of immune-relevant vitamins and minerals again met the tastes and needs of the market in 2022. The positive development of the category continued last year (+9.2 %). Eckes-Granini was able to build on the excellent performance of the shot category in the previous year, particularly with *hohes C* in Germany, Austria, Switzerland, Baltics and Spain, and with *Joker* in France.



Positive outlook on the current year

Despite a difficult market environment, Eckes-Granini succeeded in expanding its market shares in 2022, growing locally and continuing to successfully generate momentum in the market with high-growth categories such as Shots and Water Plus concepts. Economic conditions seem to have improved slightly at the beginning of 2023. However, rising raw material prices and fluctuating availability remain a major issue. In addition, there are uncertainties in consumption regarding the reaction of consumers to inflation. The Eckes-Granini Group has made a promising start to the new business year, with numerous new beverage concepts and innovations.

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